# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2185
ANSWERED ON:10.03.2006
INTEREST RATES FOR SELF HELP GROUPS
Mcleod Smt. Ingrid

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government proposes to lower the interest rate for the self help groups;

(b) if so, the details thereof;

(c) whether the Government has received representation from various quarters in this regard;

(d) if so, the details thereof; and

(e) the reaction of the Government in this regard ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)to(e) ; The Government has received representations from various quarters to lower the interest rate for the Self Help Groups (SHGs). Interest on loans and advances at ground level has been deregulated by-RBI and the Banks have the freedom to decide the interest rate to be charged depending on cost of funds, transaction cost and other allied factors.

However, RBI has stipulated that interest rate on loans by Commercial Banks upto Rs.2.00 lakhs should not exceed the Benchmark Prime Lending Rate (BPLR)